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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 22, 2001

APPLICATION OF

DELMARVA POWER & LIGHT COMPANY

CASE NO. PUE000001

To revise its cogeneration
tariff pursuant to PURPA
Section 210

ORDER ESTABLISHING COGENERATION TARIFF

On December 30, 1999, Delmarva Power & Light, d/b/a Conectiv Power Delivery ("Delmarva" or "the Company"), filed with the Commission an application, written testimony, and exhibits to support its proposal to modify its cogeneration and small power production rates under Service Classification "X". Delmarva further proposes that the rates, terms and conditions approved by the Commission in this case be effective with the billing month of May 2000. On March 14, 2000, the Commission issued an Order establishing this proceeding, appointing a Hearing Examiner, and setting a procedural schedule.

On September 7, 2000, a hearing was conducted by Hearing Examiner Howard P. Anderson, Jr. Counsel appearing at the hearing were: Guy T. Tripp, III, Esquire, for Delmarva Power & Light Company and M. Renae Carter, Esquire, for the Commission Staff.

Delmarva Power & Light Company offered the prefilled testimony of W. Michael Von Steuben and James R. Diefenderfer. The Commission Staff presented the prefilled testimony of Jarilaos Stavrou. Upon agreement of counsel, the prefilled testimony was entered into the record without cross-examination. There were no protests and no one appeared to speak as a public witness. Proof of public notice was marked as an exhibit and made part of the record.

On November 8, 2000, the Hearing Examiner issued his Report. His findings were as follows:

(1) The Company's proposed avoided energy and capacity costs are reasonable and should be adopted;

(2) Contract terms of up to five years, with energy and capacity prices updated every two years, are appropriate and should be adopted;

(3) The Company should continue to monitor the PJM energy and capacity markets and further evaluate and refine its market forward pricing curve forecasting methodology;

(4) The Company should continue to biennially update its Service Classification "X" rates, and report on the state of the market, including an evaluation of its methodology for forecasting market prices, at the time of the Company's next filing;

(5) The Company should report to Staff three months prior to its next filing, information pertaining to resolution of technical issues involved in the forward price curve; and

(6) The Company's proposed customer charge and meter charges are reasonable and should be adopted.

He recommended that the Commission enter an order adopting the above findings, approving Delmarva Power & Light Company's proposed Service Classification "X" rates; and dismissing this case from the Commission's docket of active cases.

On or about November 28, 2000, Delmarva Power & Light Company filed comments on the Hearing Examiner's Report. Delmarva's comments concurred with the Report and indicated that the Company will comply with the Hearing Examiner's instruction that the Company report to the Staff three months prior to its next Rate X filing as recommended in the Report.

NOW UPON CONSIDERATION we find that we should adopt the findings and recommendations of the Hearing Examiner.

Accordingly, IT IS ORDERED THAT:

(1) The Findings and Recommendations of the November 8, 2000, Hearing Examiner's Report are hereby adopted.

(2) Delmarva Power & Light Company should modify its cogeneration and small power production rates under Service Classification "X".

(3) Since there is nothing further to come before the Commission, this case is hereby dismissed and the papers herein placed in the Commission's file for ended causes.